



**State of the County Address
Milwaukee County Executive Scott Walker
Monday, February 6, 2006**

Thank you so much for allowing me to join you here at St. Marcus Lutheran School. I am so glad to see so many wonderful students, parents, staff and supporters of the school.

One of the reasons I chose St. Marcus for this address is because of the success rate of the students at this school. In math, 86% of the students here are advanced or proficient by 8th grade per the Terra Nova testing. In reading and language, 69% are advanced or proficient. Overall, nearly 80% of the middle school students improve against their peers nationally.

Similarly, other choice, charter and public schools throughout Milwaukee County are doing well.

Sadly, many of the students who attend a school like St. Marcus may not be able to attend their school next year. Because of the cap on students enrolled in the Milwaukee Parental Choice Program, the state is beginning a plan to ration students for the 2006/2007 school year. As many as 4,000 young people will be prevented from attending successful schools like the one we are in today.

Currently, St. Marcus is filled to capacity with 265 students. They have 100 more on a waiting list. About 85% attend through the voucher program.

If the caps are not lifted, this school will be forced to deny a seat to as many as 75 current students. That is wrong, and for the good of all of the people in Milwaukee County **we need to lift the cap!**

The State of our County in many areas is good. Later in my comments, I will talk about the things that are working well in Milwaukee County. But first, I need to address the serious challenges we face.

As much as I would like to report that the financial situation of the county is great, I cannot do that today. Many of the challenges we inherited four years ago are still with us. Some were corrected by our actions in the past. But others have, in fact, grown larger.

Take for example, the cost of the Ament pension deal. Even though we made numerous changes, the fiscal impact from the people who already retired will be almost \$30 million in our next budget.

On top of that, new accounting requirements (GASB) will force the county to cover some \$29 million worth of new costs in 2007 and every year into the future.

Soon, the contract with our largest union will be decided in arbitration. If we lose, it will add up to a \$2 million hole in the current 2006 budget and as much as \$5 million in subsequent budgets.

And even if we win, pension, health care and other benefit costs will be the major contributors to a projected \$80 million hole to fill for the 2007 budget. Without changes, that could grow to over \$122 million by 2008.

Today, I issue a warning that we must tackle our benefits problem or we will be left with nothing but pensions, benefits and state mandates in our future budgets. Milwaukee County cannot survive without major changes.

Some will suggest that we just need to raise property taxes. Yet current state law would only allow the county to raise the levy by \$6 million in 2007 and less than \$4 million in 2008. That leaves more than \$76 million and \$42 million to cut respectively in each of the next two budgets. Once again, as I have said for several years, we cannot today tax ourselves out of the problems of the past.

We need to get serious about taking on the costs of our retirement system and the costs of our other employee benefits. We also need to look seriously at sending mandated programs back to the state in our next budget.

I warned our County Board about these problems back in September of 2004, and my administration has warned them several times since. We all need to face up to the reality of our financial situation. Mr. Chairman, I want to work with you and other members of the County Board to take on this monumental task.

Pension and benefit costs are attacking our budget like a fast-growing virus. Fighting this virus will take dramatic action. In a few moments, I will talk about my plan.

Despite the major challenges we face, I do want to talk about some of the positive things happening in Milwaukee County. As I mentioned, we certainly cannot tax our way out of a fiscal challenge. Trying to raise taxes to solve this problem will only force more people and jobs out of the county.

To keep more money in the hands of the hard working people of Milwaukee County, I introduced my 4th straight budget with no increase in the property tax levy. Prior to coming into office, the executive and board used to argue between a 5.5% or 6% levy increase. Now, I push for zero and the average increase approved by the county board over the past four budgets is about 2%. We **have** changed the debate on property taxes.

Lower taxes help keep families and retirees in their homes and they help to create more jobs. Another way we are working to help create an environment for more job growth is through our work on the Park East corridor. The land owned by the county is just south of this school.

In 2005, we sold two of the parcels and hope to act on the remainder in 2006. Half of the funds from the land sales will go to the county and half of that will go into a Community and Economic Development (or CED) fund to support projects that create more jobs in areas with great needs.

The other half must – by federal rules – go to the state. In turn, that money must come back to the county for use on a federal highway project. Thanks to the hard work of Secretary Frank Busalacchi and his staff at the Wisconsin Department of Transportation, we worked out an agreement to use \$5.2 million of those funds to take down the Annex parking structure that stands over the top of the freeway. Work on the demolition begins today.

Our quality of life programs are also very important for people living and working in the county. For example, the number of skaters at Red Arrow Park this past January was up 58% from January 2005. Through a partnership with Harley-Davidson, we renovated the band shell at Washington Park. We also put in a ramp at Pere Marquette Park for people with disabilities and had six new playground installations throughout the system.

Out at the Zoo, we saw the opening of the Borchert Big Cat Country and the remodeled Northwestern Mutual Family Farm. Overall, the zoo had 1.3 million visitors in 2005 (up from 2004), the Sting Ray exhibit alone had more than 365,000 visitors, and coming soon, the Zoo will have a new Giraffe Experience sponsored by Miller Brewing Company, and a new entrance – thanks in large part to our partnership with the Zoological Society.

We were very honored to host nearly 20,000 military personnel, their families and veterans for Operation Freedom on July 3rd. Thanks to all of the wonderful sponsors who helped us provide a free day at the zoo for our heroes and their families.

Transportation improvements were also part of our success this past year. In December, the airport celebrated the 7 millionth passenger – setting an all-time record. Just two years ago, we broke the record with 6 million. We also opened a new Amtrak station, a cell phone lot for passenger pick up, and remodeled the center concession mall.

Our transit system experienced an increase of more than 872,000 riders. Wheelchair riders were up 19% and more than 1 million riders used Paratransit.

In our fleet division, we consolidated our vehicle leasing program and reduced 77 vehicles and 72 attachments from our inventory. We had 11-recorded snowfalls for this season and the freeways were cleared quickly each time.

One of our biggest successes this year came in the area of human services. From 1994 to 2002, Milwaukee County had an error rate in how food stamps were administered that was never lower than 13%. That caused problems for people needing to get help – as well as causing penalties for the county and state.

In 2003, the error rate was 11.8%. In 2004, it was 9.1%. Last year, the Economic Support Division put in place a new program called Operation Excellence and the error rate dropped to 5.95%. In fact, during the last six months of 2005, the error rate was LOWER than the statewide average. Congratulations to Corey Hoze and his staff for a job well done!

We also invested in programs that work with kids who get in trouble, and we are having success there, too. In 1995, the county was sending 536 young people into the state detention system. When I arrived in 2002, that number was down to 320. By the end of December 2005, we cut that number down to just 147.

I would like to acknowledge the good work of Kathy Malone from the county and Victor Barnett who is the head of the Running Rebels, one of our partners in programming. Their program has a success rate of 77% over the past two years. Thank you for making a difference in our community.

Our Health and Human Services department, under Rob Henken's leadership, had a number of other success stories. One was through a partnership with Rogers Memorial Hospital to improve the service in the Behavioral Health Division. Their work earned them a "Health Care Heroes" award from the Small Business Times. Thanks to Jim Hill and his team.

Plus, a special thanks to all of the staff who worked with the individuals and families who were sent to Milwaukee County from the Gulf Coast. We had a clinic at the State Fair grounds for more than four weeks and treated more than 100 people.

The Department on Aging turned around a problem with the FamilyCare program. Two years ago, they had real troubles with state government. But on Sunday, January 15, the Governor announced that those problems were under control.

Just a few weeks ago, it was interesting to hear members of the County Board debate over how to spend the surplus in this program. The real answer is to pay it back to the taxpayers for the amount they covered two years ago.

Early last month, I took decisive action to prevent a potential deficit in this area because of the wage increases passed in the 2006 budget. These wage increases counted on a rate increase from the state, but the state backed away from their promise. So, I practiced good management and stopped the spending.

Linda Seemeyer, Steve Agostini and the Administrative Services staff helped us get FamilyCare out of financial trouble two years ago and they've been on top of things since then. They will help us get Parks out of their current situation and back on track, too.

And news coming from the Milwaukee Public Museum is much more positive these days. Many people still think that the county runs the museum, but it was turned over more than a decade ago. Still, we are the biggest donor, own the building and artifacts, and we want it to stay open.

So, when the museum ran into problems early last year, we stepped in – along with the banks – and took control. We pushed for new leadership and appointed a five-person panel to review the release of funds to the museum.

I want to thank those five individuals – Mike Falbo, Valerie Daniels-Carter, Mike Grebe, Jennifer Noyes and Carol Skornicka– for their ongoing service to the museum, to the county and to the public. Their hard work ensured that the museum is on the right path again. Just last month, the museum announced that they are moving to repay the loans sooner than expected. That is good news.

Speaking of good news, overtime costs in the Sheriff's Office decreased \$767,000 last year from \$3.2 million to \$2.4 million in 2005.

And on regional cooperation, we had some true successes this year. On January 9, our Child Support Enforcement Department started taking calls from customers in Racine County. For the next five months, we are running a pilot program to see how this will work. So far, it is going well with 1,600 calls coming into our customer service unit. A big thanks to Matt McVey from Racine County and John Hayes and his team for putting this partnership together and for making this program so efficient.

Last year, we also saw a combined effort with the City of Milwaukee for a uniform web site: Milwaukee.gov. Now our customers can go to one web address, type in their questions and be directed to the right area in county or city government. Thanks to Bud Borja and his team for their leadership on this and several other technology partnerships in the region.

Finally, unlike the state, I am thankful for our pro-active work on ethics reform over the past few years. Right after I took office, we enacted a policy that prohibits my staff, my cabinet and their top staff from giving or fundraising for my campaign. Several years ago, I signed a resolution that prohibits those who are seeking county business from giving donations while a contract is being bid or awarded. Last year, I asked our Corporation Counsel Bill Domina to help me broaden the scope of that measure and to get the word out throughout county government and to those seeking to do work with the county.

With these measures in place, we run a lean and clean operation.

I bring all these items up because there are many good things happening in this county. And I know that we can take on our huge financial challenges and prevail, but we have to be serious about our situation.

To do that, I propose some dramatic steps for 2006:

Continue to Improve Government Operations

- Since it is clear that paying for a traditional pension system is nearly impossible, I propose moving to a defined contribution system and I will appoint a panel of ten experts to advise us on how to start that transfer in the 2007 budget.
- To continue our efforts to pull back the benefits of the Ament pension deal, I will send down a resolution this month to repeal the 2.0% pension enhancement for non-represented employees.
- In addition, the County Board leadership and I will announce in a few weeks details on legal action against those involved in providing incomplete information about the impact of the pension deal in 2000.

- To control employee benefit costs, we will fight in arbitration with the last remaining union that has not settled a contract. We will push our reasonable plan that helps control health care costs.
- To fix the problems with parks, we propose adding a new position for fiscal management and recommend dual reporting to the parks director and the budget director.
- Since the mental health complex institution is the only county institution left on the southeast quadrant of the county grounds, I propose selling the land to the medical institutions. We should get out of the business of being a landlord.
- I will also direct a countywide review of staffing levels to see where we can find additional savings.

Ensure Public Safety

- In the area of public safety, we will take all legal action necessary to block the placement of a facility for Sexually Violent Persons on county property.
- In the area of child support enforcement, we will continue the pilot program with Racine and look to make it permanent. In addition, we will seek to include other counties in this program.
- In the area of serving people with disabilities, we will lobby the state to include people under the age of 60 with disabilities in the expansion of FamilyCare.
- In addition, we will explore ways to provide living arrangements for people with disabilities near the services they receive through the Wil-o-Way programs.

Quality of Life/Jobs and Prosperity

- In the area of parks, we will seek to expand the number of successful partnerships in the parks. The coffee shop in Red Arrow Park is one good example. This month, our administration will send an RFP down to the County Board for a coffee house in Juneau Park and will follow with others throughout the system. My view is simple: if it takes a coffee shop in every park to keep them open, then I'm all for it. If it works in Central Park, we should do it here.
- In addition, I am happy to announce that we received an anonymous gift of \$150,000 to keep the center open at Boerner for the rest of this year.
- To help with the parks budget, we will take proposals for the sale of the maintenance building at 68th and State and will consolidate staff into other locations.
- In the area of economic development, we took bids on the third piece of land in the Park East corridor last month and we hope to have shovels in the ground for the first two projects soon this year.

- We will move forward on the development of the 60 acres on the northeastern quadrant of the County Grounds by the end of the summer.
- We will include the parks building in the RFP for that quadrant.
- We will organize another Operation Freedom at the Zoo for returning military personnel and their families.
- In addition, we will broaden the scope of our annual Executive's Ride on Harleys to include the promotion of attractions and business in the entire Milwaukee 7 region. This year, Waukesha County Executive Dan Vrakas will join us as a special guest for part of our 5-state tour.
- And since we must resist the temptation to return to the days of property tax levy increases that were double the rate of inflation, I will submit my 5th straight budget with no tax levy increase from the previous year in September. Failure to hold the line on taxes will only create an exodus of residents and jobs from our county. We need more residents and more jobs to survive.

These are just a few of the ideas that came out of a planning session last month with our top staff and cabinet. More will follow in the weeks and months ahead.

While we continue to have significant challenges, I like to say that great challenges bring great opportunities. Taking the right course of action, however, is not easy, but it is necessary to ensure the long-term prosperity of the county we love. I know that I am up to the challenge and I hope you are too.